Linking Our Community

HB

Halifax Harbour Bridges

Introducing Halifax Harbour Bridges

In March 2009 The Halifax-Dartmouth Bridge Commission launched a new name and logo. The last time a new logo was introduced was in 1980 and while we are proud of our history, much has changed since that time. We have worked hard to establish ourselves as a link between communities providing, safe, efficient and reliable service to our users. We believe the new logo better reflects the organization we are today.

The organizational name will not change legally or legislatively, it remains Halifax-Dartmouth Bridge Commission. Halifax Harbour Bridges (HHB) is the new public face.

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Change to Fiscal Year-end Reporting

This annual report encompasses two reporting periods: 12 months ending December 31, 2008 and three months ending March 31, 2009. The Halifax-Dartmouth Bridge Commission previously presented 12 month annual reports. This change, requested by the Province of Nova Scotia, provides consistency with the provincial fiscal accounting year ending March 31.

Board of Commissioners

Mr. Tom Calkin
Chair

Mr. Wayne Mason
Vice Chair

Councillor Jackie Barkhouse

Councillor Jerry Blumenthal

Mr. David Covill

Mr. Russell Hatton

Deputy Mayor David Hendsbee

Mr. Clint Schofield

Councillor Sue Uteck

Chairman's Message

The past year was one of significant milestones for Halifax Harbour Bridges (HHB) demonstrating the important role HHB plays in the transportation network in Nova Scotia. Through this report you will learn more about the significant projects that were accomplished over the past fiscal year—projects that position us well for implementing our long terms plans.

Advances in Tolling After 45 years of use, tokens were eliminated as a payment method for the bridges in favour of electronic tolling to help reduce traffic congestion and accommodate future growth.

Sustainable Transportation HHB has played a lead role in the discussion around growing traffic congestion in Halifax Regional Municipality (HRM). The Cross Harbour Traffic Needs Assessment, released in March 2008, brought to light the issue of growing congestion and that, unless we change how we manage our transportation system, we may need additional cross harbour capacity in the future—perhaps as early as 2016 and indeed by 2026. After the study was released we referred it to the Strategic Joint Regional Transportation Planning Committee (SJRTPC). This committee has senior staff members from HRM, the Nova Scotia Department of Transportation, HHB, Halifax Chamber of Commerce, Halifax Gateway Council, and HRM citizen representatives. We look forward to receiving a final direction from this committee so we can initiate planning steps to secure the transportation corridor in the event a third harbour crossing is needed for future generations.

Maintenance Significant improvements were made to the four overpass structures on the Dartmouth side of the MacKay Bridge and the Victoria Road interchange was completely refurbished.

Strong Fiscal Management This past fiscal year was significant because it was the last year HHB operated on a calendar year. At the request of the province, beginning April 1, 2009 we shifted our year-end to coincide with the provincial year-end.

The province trusts our expertise in managing the operations and finances of the bridges. We are grateful for the support we receive from the province, particularly the development of the new financing agreement in late 2007. Also instrumental in this project was HHB Treasurer, Ken Munro, who after 30 years of dedicated service, announced his plans to retire at the end of 2009.

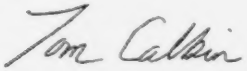
As the bridges age, the cost to maintain them also increases. Plans are in place to replace the entire deck of the Macdonald Bridge in six to seven years and the bridge deck of the MacKay Bridge in about 2023. These are major projects that will require further financing.

Community Outreach Over the past year we have invested in the communities we serve. It began with sharing our messages around the Cross Harbour Traffic Needs Assessment and continues with our position on the importance of having a sustainable transportation network for future generations. We have also begun sharing our vision for the long term. This approach will help people understand our vision: to provide transportation infrastructure that is environmentally and economically sustainable. To aid our efforts we launched a new visual identity that we feel better reflects the organization we have become. I wish to thank the staff who worked on this project and the board members who were instrumental in providing their guidance and support of this effort.

Finally I wish to express how proud I am to serve as Chairman of a group of commissioners committed to the role they assume in providing strong governance to this organization. In 2008 we said goodbye to three Board members whose terms came to an end. HRM Councillor Bob Harvey, who was a valued board member, retired after four years of dedicated service and Councillor Patrick Murphy left the Board following the municipal election in October, 2008. Provincial appointee and professional engineer, David Covill, retired after 10 years. Their wise counsel and astute observations are missed.

It has been a year of growth and discovery. Indeed the bridges continue to be an iconic landmark as well as an economically self sustaining entity that provides a green transportation option in our capital city.

Respectfully submitted,



Tom Calkin, BSc.C.E., M.B.A., P.Eng., CMC
Chairman

Message from the CEO

During the past 12 months I have had the opportunity to communicate HHB's opinion on a topic of great importance to me—that of sustainable transportation. Much has been said about this topic in our region and it is critical we get it right so we can meet the mobility needs of today without compromising the mobility needs of future generations.

Congestion around the city, not just on the bridges, continues to grow. We need to make some real changes in how we get around or we will be faced with having to build very costly infrastructure—perhaps in the form of another harbour crossing.

We have to reduce the demand on transportation infrastructure like the harbour bridges and our city streets. In the transportation industry we call this transportation demand management or TDM.

To create a truly sustainable transportation system, one with the potential to serve the needs of all our citizens, I believe we have to consider, in conjunction with other TDM initiatives, adopting various forms of road pricing. The bridge toll you pay now is actually one form of road pricing.

There are various ways road pricing can work, depending on the scenario and the desired outcomes. We can adopt pricing to deal with:

- the time of day you use a bridge or toll facility (also known as peak period tolling)
- the distance you travel (also known as vehicle miles traveled)
- or the specific area in which you are travelling, such as onto and or off of the peninsula (also known as cordon tolling)

Some of these options, while beyond HHB's mandate, are worthy of full consideration. Cordon tolling for instance, could make a big difference in reducing congestion onto or off the peninsula. HHB is considering how the options within its mandate might work. In 2009 we will conduct a study on the impact peak period tolling and one-way tolling might have on reducing congestion at the bridges.

The right direction involves multiple solutions and various groups because it's not just one solution that will make the difference—it's the combination of solutions and shifts in behaviour that will help. It also means all levels of government working together. To this end HHB is a member of the Strategic Joint Regional Transportation Planning Committee (SJRTPC). This committee has senior staff members from HRM, the Nova Scotia Department of Transportation and Infrastructure Renewal, HHB, Halifax Chamber of Commerce, Halifax Gateway Council, and HRM citizen representatives. Its mandate is to review, advise and make recommendations around priorities, strategies and operational plans for the municipality's transportation network.

It is my hope that people will come to realize that if we don't make the necessary tough and bold decisions we will have to confront the reality of building another harbour crossing or sitting in gridlock.

Steve Snider
General Manager and CEO

2008/2009 Highlights

Maintenance

The objective of the maintenance program is to ensure the bridges are well-maintained and structurally sound.

Each year the bridges receive rigorous inspections to ensure all maintenance requirements are identified and proper action is taken. The annual inspection determines the course of action for the current year and forms the basis of the three-year maintenance plan and beyond. Much of the 2008/09 maintenance program focused on and around the MacKay Bridge and included:

- Refurbishing the four overpass structures on the Dartmouth side, as well as the two ramps to and from Princess Margaret Blvd.
- In early 2008 the province of Nova Scotia transferred the Victoria Road Interchange to HHB. It was in a state of disrepair and HHB completely renovated the interchange.
- Structure 9, also known as the old K-ramp, on the Halifax side of the MacKay Bridge was removed in early 2009. This ramp had not been used for 15 years. It was a single lane structure that was replaced in 1993 with a two lane structure exiting to Windsor and Robie Streets. While the structure did not pose a safety risk, HHB was pleased to remove it.

Efficient Transportation

Efficient transportation within HHB means using technology and traffic management to provide efficient toll collection, reduce traffic congestion and accommodate future traffic growth.

Significant advances in tolling were made in 2008 beginning with the elimination of tokens after 45 years of use. It was also the year HHB upgraded the *MACPASS* system, eliminated the $30 deposit required to get a *MACPASS* transponder and introduced axle-based tolling. Axle based tolling is an automated vehicle classification system that determines toll charges based on the number of axles on a vehicle. It is the North American standard and is a more equitable way for the toll to be charged. The new *MACPASS* system provides improved on-line account management for the customer and significant improvements to internal account management.

Since March of 2008, over 40,000 *MACPASS* transponders have been distributed. In 2007 12,000 transponders were distributed in total. Approximately 80 per cent of the peak hour crossings are now made using *MACPASS*.

Plans are also in the final stages to expand the use of *MACPASS* to the parkade at the Halifax Stanfield International Airport. It will be a convenient way for eligible *MACPASS* users to use *MACPASS* to park at the airport, reducing the amount of time it takes to leave the parkade.

Finally, 2008 marked the 10th anniversary of *MACPASS*.

Safety and Emergency Preparedness

The goal of safety, security and emergency preparedness is to ensure the safety and security of the traveling public and employees through ongoing reviews and the implementation of HHB's policies, procedures and initiatives.

In addition to HHB's ongoing safety program, several major projects began during the past fiscal year.

The first year of a three year program to install a state-of-the-art security system will include additional cameras, lights, sensors, fences and controlled access to HHB facilities.

Six variable message signs (VMS) will be installed on the approach roads to the MacKay Bridge, three on the Halifax side and three on the Dartmouth side. The signs will provide real time traffic information related to maintenance projects and the impact of adverse weather conditions. The information will provide an opportunity for motorists to choose an alternate route to their destination.

Fiscal Management

The objective of fiscal management at HHB is to ensure financial stability through sound financial planning and efficient management.

By carefully managing its cash flow, generated by toll revenues, HHB has been able to reduce its debt from $123 million at the end of 2007 to $57 million at the end of the 2008/09 fiscal year.

Over the past ten years we have spent nearly double that amount on maintenance and capital projects on the two bridges. Despite the needed improvements, upgrades and repairs, HHB has not had a toll increase since 1992. Part of the reason we have been able to achieve this is through consistent, steady repayment of our debt and improved interest rates. In 1990, we paid $11 million in interest on our debt. In 2008, the amount paid in interest was $3 million.

HHB continued to maintain high ratings with Dominion Bond Rating Service Limited at AA low and achieved a rating of AA-stable from S&P Ratings Group.

Sustainable Transportation

HHB is helping lead the discussion around growing congestion in the Halifax Regional Municipality (HRM). The discussion began in March 2008 with the release of the Cross Harbour Traffic Needs Assessment. The study, requested by HRM and commissioned by HHB, indicates that, unless there are significant steps taken to change how people travel, a third harbour crossing (a tunnel or bridge) will be needed some time between 2016 and 2026. The estimated cost for either option, in 2008 dollars, is between $1.1 and $1.4 billion plus the cost of land. The preferred location for another crossing would be at the end of Highway 111 (the Circumferential) in Dartmouth, coming over to the south-end in Halifax.

Following the release of the Cross Harbour Traffic Needs Assessment, HHB spent several months meeting with various groups, including government, business, opinion leaders, special interest groups and members of the community, to share the results, gather feedback and talk solutions. Overall what we heard is that the community does not want another harbour crossing to be built until all other options are investigated and evaluated.

Ultimately, a third harbour crossing can only be delayed—for several years, or indefinitely—if we have a major societal change. We have to reduce the demand on transportation infrastructure like the harbour bridges and our city streets.

HHB is partnering with other stakeholders to find solutions and is doing its part within its mandate. For example, in 2009 HHB will commission a study on the impact one-way tolling and time of day tolling (also known as peak-period or variable tolling) might have on reducing congestion on the bridges.

Corporate Overview

Mission To provide safe, efficient and reliable passage at an appropriate cost.

Mandate The Halifax-Dartmouth Bridge Commission (the Commission) is the self-supporting entity that operates two toll bridges, the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge. It was created in 1950 by a statute of the Province of Nova Scotia and now operates under a statute passed in 2005. In accordance with Section 27 of the *Halifax-Dartmouth Bridge Commission Act:*

27 (1) With the approval of the Governor in Council, the Commission may construct, maintain and operate a transportation project across Halifax Harbour and the North West Arm, or either of them.

(2) Where the Government of the Province or the Municipality requests the Commission to investigate the sufficiency of the means of access to Halifax provided by the Bridges or the present or future need of a transportation project referred to in subsection (1), the Commission may

(a) conduct such investigation and studies as it considers advisable respecting

(i) the need or advisability of a transportation project referred to in subsection (1),

(ii) the proper location of any such transportation project,

(iii) the manner or method of financing and operating any such transportation project,

(iv) the probable cost of acquiring lands for the purposes of an additional transportation project and the cost of constructing such transportation project,

(v) any other matter related to the construction, operation or financing of a transportation project referred to in subsection (1) that the Commission considers relevant;

(b) for the purpose of making investigation and studies, engage expert or technical assistance;

(c) defray the cost of its investigations and studies out of the ordinary revenue of the Commission;

(d) make reports and recommendations to the Government of the Province and the Municipality.

(3) Any costs incurred by the Commission under this Section are expenses of operating the Bridges or a transportation project in respect of which the Commission is collecting tolls, fees, rates and other charges.

Organizational Structure The Commission has nine Board members. The Governor in Council appoints five members, including the Chair and Vice-Chair and the Halifax Regional Municipality appoints four Councillors to serve on the Board. The provincial appointees for 2008 were: Mr. Tom Calkin (Chair), Mr. Wayne Mason (Vice Chair), Mr. David Covill, Mr. Russell Hatton and Mr. Clint Schofield. Representing Halifax Regional Municipality (HRM) are Councillors Sue Uteck, Deputy Mayor David Hendsbee, Jackie Barkhouse and Jerry Blumenthal.

Within the Board structure there are four standing committees dealing specifically with:

1. Audit
2. Finance, administration and planning
3. Maintenance
4. Operations, communications and *MACPASS*

The Commission employs 35 administrative and maintenance staff on a permanent basis and approximately 50 members of the Canadian Corps of Commissionaires, on a contract basis. Seasonally the Commission employs approximately 40 painters and 12 gardening staff.

The Board recognizes and appreciates the high level of commitment to excellence demonstrated by the Commission's permanent and contract employees as well as members of the Canadian Corps of Commissionaires.

Strategic Goals To carry out its mission the Commission has identified the following strategic goals:

1. Manage the cash flow and debt to meet the future capital and maintenance requirements of HHB;
2. When requested, advocate HHB's plan to address additional cross-harbour capacity and initiate planning steps to secure the transportation corridor;
3. Communicate HHB's long term strategic plan;
4. Focus on strengthening HHB's relationships with major stakeholders including all who use the bridges;
5. When requested support and advance major tolling projects with the Halifax Regional Municipality and the province of Nova Scotia;
6. Become an industry leader in safety, security and operations;
7. Complete a major six -year maintenance program started in 2006;
8. Become a recognized leader in the pursuit of sustainable transportation demand management solutions; and
9. Increase the percentage of vehicle crossings using *MACPASS* to 80 per cent.

Management Discussion & Analysis

For Twelve Months Ended December 31, 2008

The date of this MD&A is March 27, 2009.

The Halifax-Dartmouth Bridge Commission (the Commission) is pleased to present its Management Discussion and Analysis with respect to the three months and twelve months ended December 31, 2008. The detailed discussion and analysis that follows is provided to assist readers in their assessment and understanding of the results of operations and the financial position of the Commission during the fourth quarter of 2008 relative to 2007 and for the full year ended December 31, 2008 relative to 2007 and 2006. It combines an analysis of trends and year-to-year changes in the results with an outlook to the end of March 31, 2009.

This discussion and analysis should be read in conjunction with the Commission's annual audited financial statements and supporting notes for the three months and twelve months ended December 31, 2008. The Commission reports as a government business enterprise as defined by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants (CICA). Government business enterprises are required to use generally accepted accounting principles for profit-oriented enterprises in their financial reporting and as of January 1, 2011, it is anticipated that the Commission will be required to report according to International Financial Reporting Standards (IFRS).

The dollar amounts in this presentation are in thousands.

The Commission's web site is www.hdbc.ca.

The Management Discussion and Analysis and the audited financial statements for the three months and twelve months ended December 31, 2008 have been approved by the Audit Committee of the Commission and by the Commission.

Overview

The Commission was created in 1950 by a statute of the Province of Nova Scotia (now the *Halifax-Dartmouth Bridge Commission Act*—Statutes of Nova Scotia, 2005, c.7).

The Commission is a self-supporting entity that operates and maintains two toll bridges across the Halifax Harbour, the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge.

The Commission consists of nine Commissioners. The Province of Nova Scotia appoints five members including the Chair and Vice Chair, while the Halifax Regional Municipality appoints four Councillors to the Commission.

The Commission reports to the Legislature through the Minister of Finance.

Business

The Commission has operated a two lane bridge, the Angus L. Macdonald Bridge, (the "Macdonald Bridge"), since 1955 (which now has a reversible third lane opened September, 1999) and a four lane bridge, the A. Murray MacKay Bridge, (the "MacKay Bridge"), since 1970.

The Commission has not been requested to undertake the construction of a third crossing but has participated in a needs analysis of a third crossing as requested by the Halifax Regional Municipality.

Operation of the bridges and the related approaches includes continuing engineering inspections, routine and long term maintenance, repairs, winter snow and ice clearance, traffic patrols, security measures, toll collection, financial and general administration.

Competition

The Commission does not face competition in any meaningful sense, as the service it provides is unique.

The bridges directly connect Halifax and Dartmouth and provide significantly quicker access to the business districts of both communities than do the alternate routes. Pedestrians and bicyclists are not permitted on the MacKay Bridge, but

pedestrians may walk and bicyclists ride, across the Macdonald Bridge without charge, in their dedicated lanes.

Those wishing to travel from one side of the harbour to the other have several means of doing so; among them the bridges operated by the Commission which constitute the most direct route for motor vehicles across the harbour. The alternatives are a combination of local streets and public highways around Bedford Basin, a distance of approximately 19 kilometres or more, measured from the Dartmouth approach to the Halifax approach of the MacKay Bridge. The ferries operated by Metro Transit carry both pedestrians and bicyclists.

Financial affairs

The Commission manages its own financial affairs within the policies established by the Province of Nova Scotia applicable to Crown corporations and government business enterprises generally.

The Commission is self-supporting financially. It charges tolls to vehicles crossing the bridges and collects additional revenue from other utilities which have installed a water line and cables across the Macdonald Bridge.

Public Utility

For certain purposes, the Commission is deemed to be a public utility and is subject to the general supervisory powers of the Nova Scotia Utility and Review Board (NSUARB).

By the terms of its act of incorporation, the Commission is not subject to the provisions of the Public Utilities Act (Nova Scotia) relating to (a) new construction, improvements, betterments, or extensions to its property; (b) issue of shares, stocks, bonds, debentures or other evidences of indebtedness; (c) proper and adequate depreciation of its assets; and (d) setting up, maintaining, use and disposal of depreciation reserve funds.

Toll rates for the use of the bridges are subject to NSUARB approval.

Securities Regulations

The Commission ceased to be a reporting issuer in the Province of British Columbia effective December 17, 2007 and in the Provinces of Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, and Newfoundland and Labrador effective February 8, 2008. Therefore, the Commission is no longer a reporting issuer in any jurisdiction and is no longer subject to any of the continuous disclosure obligations of reporting issuers.

Significant Items

2008 – *MACPASS* Transponder Deposit Requirement Removed and Existing Transponder Deposits Refunded

In accordance with the NSUARB ruling on January 22, 2007, the *MACPASS* transponder deposit requirement was removed and existing transponder deposits were refunded to customers' accounts by February 29, 2008, as per established refund criteria.

The adoption and implementation of the Commission's new automated vehicle classification and automated toll collection systems became effective May 1, 2008 at which time tokens were no longer accepted as a method of payment for tolls. Tokens ceased to be refunded on July 31, 2008. With the cancellation of tokens, the Commission took into income $1,042 representing the value of unredeemed tokens.

2008 – Change in Calculations for Depreciation on Capital Assets

Effective January 1, 2008, the Commission has moved to a straight line method for calculating depreciation on all capital assets.

2008 – Change in Fiscal Reporting Year End

At the request of the Department of Finance, Province of Nova Scotia, the Commission has moved to a March 31st year end. As a result of this change, the Commission will be reporting for the twelve months ending December 31, 2008 and for the three months ending March 31, 2009.

2008 – $60M Line of Credit Agreement with the Province of Nova Scotia

On June 30, 2008, the Commission entered into a Line of Credit agreement for $60M with the Province of Nova Scotia. The Line of Credit, if required, will only be used in directly implementing those specific objects of the Commission as set out in Section 9 of the *Halifax-Dartmouth Bridge Commission Act*, Stats.N.S. 2005, c. 7, and in accordance with the annual business plans and budgets of the Commission as approved by the Minister of Finance.

Net & Comprehensive Income / Retained Earnings

(in thousands of dollars)	Three Months Ended December 31st		Year Ended December 31st		
	2008	2007	**2008**	2007	2006
Toll revenue	**$ 5,866**	$5,866	**$23,451**	$23,426	$23,382
Other rate revenue	**9**	9	**145**	146	144
Restricted funds investment income	**29**	377	**108**	1,992	1,918
Investment income	**52**	630	**294**	1,455	365
Other	**81**	24	**295**	18	68
Contributed revenue	**(50)**	-	**2,525**	-	-
Contributed capital contribution	**49**	-	**49**	-	-
Token reserves taken into income	**-**	-	**1,042**	-	-
Total Revenue	**6,036**	6,906	**27,909**	27,037	25,877
Operating expenses	**1,532**	1,350	**5,561**	4,823	4,350
Maintenance expenses	**2,991**	1,314	**6,534**	3,913	3,029
Amortization of property, plant and equipment	**1,293**	1,051	**4,609**	3,918	3,793
Amortization of deferred transponder charges	**7**	7	**27**	27	27
Interest long-term debt & amortization of deferred financing costs	**762**	2,006	**3,056**	7,801	7,026
Loss (gain) on disposal of property, plant and equipment	**(60)**	38	**367**	50	-
Total Expenses	**6,525**	5,766	**20,154**	20,532	18,225
Net Income (Deficit)	**(489)**	1,140	**7,755**	6,505	7,652
Unrealized gain on investments	**52**	-	**46**	-	-
Comprehensive Income (Deficit)	**(437)**	1,140	**7,801**	6,505	7,652
Retained Earnings (Deficit), beginning of year (period)	**16,661**	(40,200)	**9,330**	(40,374)	(40,763)
Transfer to Restricted Asset Reserves	**(962)**	(4,410)	**(1,869)**	(9,601)	(7,263)
Redemption of Restricted Asset Reserves	**-**	52,800	**-**	52,800	-
Prior Year Adjustment Due to Rounding	**(3)**	-	**(3)**	-	-
Retained Earnings, end of year (period)	**$15,259**	$9,330	**$15,259**	$ 9,330	$(40,374)

Results of Operations

(in thousands of dollars)

The Commission's comprehensive income decreased to <$437> deficit in Q4 2008 compared to $1,140 in Q4 2007. For the year ended December 31, 2008, the Commission's comprehensive income was $7,801 compared to $6,505 in 2007 and $7,652 in 2006. The significant year over year comparative differences within revenues and expenses are discussed later in this section.

Cash on hand for the year ended December 31, 2008 was $6,159 which is held in an interest bearing account. This cash position is down from the 2007 cash position of $7,835.

Revenues

(in thousands of dollars)

Toll Revenue

Toll Revenue for Q4 2008 remained consistent with Q4 2007 at $5,866. Traffic volume for Q4 2008 decreased by 24,643 vehicles or 0.302% less than Q4 2007. Annual toll revenue for 2008 increased by $25 from 2007 and increased by $69 over 2006. Traffic volume for 2008 was down by 18,398 vehicles or 0.057% less than 2007 and up by 19,808 vehicles or 0.061% over 2006. Weather-related disruptions earlier in 2008 were the primary cause of this small decrease in annual traffic volume.

Other Rate Revenue

Other rate revenue in Q4 2008 remained consistent with Q4 2007 at $9. Other rate revenue for the year ended December 31, 2008 of $145 remained fairly consistent with 2007 at $146 and with 2006 at $144. The other rate revenue represents amounts charged to various businesses, utilities and the Halifax Regional Municipality (HRM) for the use of the Macdonald Bridge to run their cables and a water line from one side of the harbour to the other; a land lease agreement; and payments to the Commission for property access licence agreements.

Restricted Funds Investment Income

Investment income on the Capital Fund, Operations and Maintenance (OM) Fund, and Debt Service Fund was $29 for Q4 2008, compared to $377 for Q4 2007. Annual investment income amounted to $108 for 2008 compared to $1,992 in 2007 and $1,918 in 2006. This significant reduction from 2007 and 2006 reflects the greater earnings (interest) generated by the total amount of the investment holdings in the Capital Fund and Sinking Fund for 2007 and 2006 (established per the Toll Revenue Bonds Series 1 Trust Indenture in place at the time) as compared to the re-established Capital Fund (established per the long term financing agreement with the Province of Nova Scotia) as of December 4, 2007.

Investment Income

Investment income for 2008 of $294 represents the interest earned on the carrying balance in the Commission's interest bearing current bank account. Investment income for 2007 of $1,455 includes $435 interest earned on the current bank account in addition to $1,020 for the interest earned on the short term investment of $60,000 with the Province of Nova Scotia. Investment income for 2006 of $365 is strictly interest earned on the current bank account.

Other Revenue

Other revenue in 2008 increased by $277 over 2007 and by $227 over 2006. This significant increase is largely due to the implementation of *MACPASS* administrative fees which commenced with the month ending February, 2008.

Contributed Revenue & Contributed Capital Contribution

Contributed revenue, in the amount of $2,525, represents a transfer of $2,575 from the Province of Nova Scotia to assist with the upgrade and maintenance of the Victoria Road Interchange property that was transferred to the Commission in June, 2008 less $50 not yet expensed as of December 31, 2008.

The contributed capital contribution of $49 covers the related amortization on the Victoria Road Interchange property at December 31, 2008.

Token Reserves Taken Into Income

Effective May 1, 2008, tokens were no longer accepted as a method of payment for tolls. Tokens ceased to be refunded on July 31, 2008. Accordingly, balances remaining in the five token reserve accounts totaling $1,042 were taken into income during Q3 2008.

Total Revenue

These revenue changes resulted in a decrease in total revenue during Q4 2008 of $870 compared to Q4 2007 and an increase in total annual revenue of $872 in 2008 over 2007 and an increase of $2,032 over 2006.

Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the Province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST/GST it expends on goods and services.

Revenue Outlook

- Toll revenues are expected to increase slightly in 2009/2010 as compared to 2008. A modest increase in the traveling public's usage of the bridges is also anticipated.
- Other rate charges in 2009/2010 are expected to remain consistent with 2008.
- Investment income will decrease in 2009/2010 as compared to 2008. This is the direct result of lower interest rates applicable to our interest bearing current bank account.
- Other revenue for 2009/2010 is expected to remain consistent with 2008.

Expenses

(in thousands of dollars)

Operating and Maintenance Charges (OM)

Operating expenses in Q4 2008 increased by $182 compared to Q4 2007. Annual operating expenses increased by $738 to $5,561 in 2008 from $4,823 in 2007 and increased by $1,211 from $4,350 in 2006. The major operating expenses that increased in 2008 as compared to 2007 were: wages $491; commissionaires $235; *MACPASS* operations $204; public relations $56; general and office $16; telephone & communications $15; and bank charges $1. Wages expense increased due to the budget responsibility for the electrical technicians switching from Maintenance to *MACPASS* & Information Services for 2008 and an increase in *MACPASS* staff and increased hours worked by *MACPASS* staff as a result of the increased demand for transponders once tokens were removed as a method of payment. The increase in *MACPASS* operations is due to the elimination of tokens and transponder deposits. The following operating expenses decreased during 2008 as compared to 2007: professional fees $223; insurance $54; taxes $4. The decrease in professional fees is directly tied to consulting fees which decreased by $302 from 2007 and were associated with the "Cross Harbour Traffic Needs Assessment" study.

Maintenance expenses increased by $1,677 in Q4 2008 compared to Q4 2007. Annual maintenance expenses increased by $2,621 to $6,534 in 2008 from $3,913 in 2007 and increased by $3,505 from $3,029 in 2006. During 2008, increases were seen in the following major maintenance expense items as compared to 2007: bridge maintenance $2,014; engineers' fees $552; painting $54; vehicle maintenance $48; gas, oil, and grease $25; light and power $10; building maintenance $8; salt costs $5; heating $5; and equipment maintenance $2. The increase in engineers' fees is due to the preparation for major capital and maintenance expense projects which commenced late in Q4 2008. The major maintenance expenses that decreased were: wages $79; and landscaping

supplies $24; and. The decrease in wages is due to the change in budget responsibility for the electrical technicians as stated under operating expenses.

Amortization of Property, Plant and Equipment

Amortization (depreciation) of property, plant and equipment for Q4 2008 increased by $242 compared to Q4 2007. Overall amortization of property, plant and equipment for 2008 increased by $691 to $4,609 in 2008 compared to $3,918 in 2007 and increased by $816 from $3,793 in 2006. This increase in 2008 over both 2007 and 2006 is attributable to the completion of major capital projects during 2007 and early 2008.

Amortization of Deferred Transponder Charges

Amortization of deferred transponder charges in Q4 2008 remained consistent with the charges for Q4 2007 at $7. Annual amortization of deferred transponder charges for 2008 remained consistent with the charges for 2007 and 2006 at $27 (see Notes to Financial Statements #11 (b)).

Interest on Long Term Debt

Interest expense in the amount of $762 was realized for Q4 2008 compared to $2,006 in Q4 2007. Annual interest on long term debt decreased by $4,745 to $3,056 from $7,801 in 2007 and decreased by 3,970 from $7,026 in 2006. This decrease from both 2007 and 2006 is reflective of the long term refinancing agreement made with the Province of Nova Scotia on July 25, 2007 for $60,000 and the redemption of the Toll Revenue Bonds Series 1, the maturity of the Line of Credit with the Province of Nova Scotia, and the complete amortization of deferred financing costs, in December, 2007.

Loss on Disposal of Property, Plant and Equipment

The Commission recognized an overall loss on the disposal of property, plant and equipment for 2008 in the amount of $367. This loss is reflective of the $377 associated with the removal of the old electronic toll collection system as the new system was fully operational effective May 1, 2008 which is offset by a gain of $10 from the disposal of three bridge vehicles in 2008.

Total Expenses

Expense variations resulted in an increase in total expenses for Q4 2008 of $759 to $6,525 as compared to $5,766 in Q4 2007, and an annual decrease of $378 in 2008 to $20,154 from $20,532 in 2007 and an increase of $1,929 from $18,225 in 2006.

Expense Outlook

- OM expenses are expected to decrease in 2009/2010 over 2008 due to a reduction in planned maintenance projects but includes an aggressive painting season, bridge resurfacing, communications, and increased professional fees.
- Amortization of property, plant and equipment is expected to increase in 2009/2010 from the amount recorded in 2007 due to the completion of major budgeted capital asset purchases carried over from 2008 and new budgeted capital projects and purchases in 2009/2010.
- Interest expense for 2009/2010 will remain consistent with 2008. The interest expense recorded for 2009/2010 will be for the Province of Nova Scotia long term loan.

Unrealized Gain on Investments

The Commission recognized an unrealized gain on investments in the Capital Fund of $46 for 2008 which reflects the difference between the investment asset book value and the fair market value and is in accordance with the change in accounting standards in the classification of financial assets.

Transfer to Restricted Assets

(in thousands of dollars)

As required by the terms of the $60,000 long term loan agreement with the Province of Nova Scotia, dated July 25, 2007, the Commission has established two reserve funds effective December 4, 2007: the OM Fund at $2,550, which is equal to 25% of annual OM expenses budgeted for the following year, and a Debt Service Fund at $1,530, which is equal to 50% of annual interest payments budgeted for the following year on the outstanding loan balance.

These reserves are restricted in their use, and are designated as such in both the asset and equity sections of the Balance Sheet. The funding of these reserves is shown as a transfer of retained earnings on the Statement of Income, Comprehensive Income and Retained Earnings. OM and Debt Service reserve funds will be contributed to or withdrawn from annually as necessary to maintain the funds at the amount required by the long term loan agreement.

Under the terms of the long term loan agreement, the Commission established a Capital Fund on June 4, 2008 and will deposit $900 every six months thereafter for the duration of the loan.

Appropriation to Restricted Assets Outlook

Under the terms of the new long term loan agreement, the Commission will maintain and contribute to the Capital Fund, OM Fund and Debt Service Fund as required for 2009/2010.

Net Income Outlook

- Revenue for 2009/2010 is expected to decrease compared to 2008.
- Expenses for 2009/2010 are expected to decrease compared to 2008.
- Overall, it is expected that net income for 2009/2010 will decrease from 2008.

Summary of Quarterly Reports

(in thousands of dollars)

For the Quarter Ended	**Q4 2008**	Q3 2008	Q2 2007	Q1 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Total Revenues	**$6,036**	$7,248	$8,843	$5,783	$6,906	$7,153	$6,533	$6,445
Comprehensive Income	**($437)**	$1,704	$4,438	$2,096	$1,140	$1,390	$1,865	$2,110

Quarterly total revenues have fluctuated over the last six of the eight quarters. Q3 and Q4 of 2007 include the interest realized for the $60,000 short term investment with the Province of Nova Scotia and Q1 2008 reflects the absence of the investment income realized in the Capital and Sinking Funds. Q2 2008 reflects the $2,575 in contributed revenue from a transfer from the Province of Nova Scotia to assist with the upgrade and current maintenance of the Victoria Road Interchange property that was transferred to the Commission in June, 2008. Q3 2008 includes the revenue realized from the token reserves taken into income in the amount of $1,042. The comprehensive income in Q4 dropped due to the increased maintenance expenses on the Victoria Road Interchange.

Fluctuations in the comprehensive income quarterly results is indicative of the timing of various maintenance projects throughout the last eight quarters and the noted drop in Q3 and Q4 of 2007. The drop is the interest expense associated with the long term refinancing agreement for $60,000 with the Province of Nova Scotia and the bridge maintenance items identified under the Expenses section. The increase in Q2 2008 is tied to the contributed revenue amount indicated above.

The Commission is a non-share entity incorporated by the Province of Nova Scotia. The Commission has never paid a dividend.

Balance Sheet

(in thousands of dollars)

	As at December 31st		
	2008	2007	2006
Total Assets	**$86,676**	$82,964	$121,079
Total Long (Short) Term Liabilities	**$58,179**	$60,621	$107,006

Total assets increased for 2008 by $3,712 from 2007 due to major capital projects such as the toll system replacement project reaching completion. The decrease in total assets of $34,403 from 2006 is due to the redemption of the four reserve funds used to pay down the Toll Revenue Bonds Series 1 in December, 2007.

The short term debt component of Total Liabilities for 2008 consists of $3,000 which is the current principal amount due on December 4, 2009 on the $57,000 outstanding long term debt with the Province of Nova Scotia. The long term debt agreement, which was made with the Province of Nova Scotia on July 25, 2007, has a final maturity date of December 4, 2019 and bears an average annual interest rate of 5.13%. Interest has been accrued for $215 in Q4 2008.

Liquidity

(in thousands of dollars)

The following discussion of Operating, Financing and Investing Activities should be read in conjunction with the Statement of Cash Flows included in the audited financial statements, which indicates a negative cash flow for 2008 of $1,676 compared to the positive cash flow of $358 for 2007.

Operating Activities

The Commission's operating activities generated $11,037 in positive cash flow during 2008 compared to a $12,898 positive cash flow in 2007. Continued positive cash flow from operations is anticipated for 2009/2010.

Investing Activities

The Commission incurred capital expenditures of $8,526 for 2008, down from $9,342 in 2007.

The Commission received $14 in 2008 as proceeds from the disposal of property as compared to $5 for 2007.

The Commission invested $1,823 in the Capital Fund for 2008 (as per the terms of the refinancing agreement with the Province of Nova Scotia) compared to the investments in the Capital Fund of $3,331 and the Sinking Fund of $2,190 during 2007, which were in line with the requirements of the Trust Indenture for the Toll Revenue Bonds Series 1 at that time. The 2007 investments for the OM Fund in the amount of $2,550 and the Debt Service Fund in the amount of $1,530 reflect the investing requirements pursuant to the terms of the refinancing agreement with the Province of Nova Scotia.

Financing Activities

The Commission repaid the current portion of the long term debt of $3,000 to the Province of Nova Scotia on December 4, 2008. The financing activities that occurred during 2007 revolve around the repayment of the Toll Revenue Bonds Series 1 in the amount of $94,379 and the repayment of the Line of Credit with the Province of Nova Scotia in the amount of $12,000 from the funds received from the redemption of the four restricted asset reserves and the $60,000 from the Province of Nova Scotia as proceeds from a long term refinancing loan agreement.

The Commission received a land transfer from the Province of Nova Scotia covering the Victoria Road Interchange with a net book value of $649.

Capital Resources

(in thousands of dollars)

The Commission's capital requirements budget for 2009/2010 is estimated at approximately $10,959 and includes the following major expenditures: $3,000 for the current year's portion of the security upgrade project; $1,400 for the variable message signage; $1,240 for truss bearings and expansion joints at cable bents for the MacKay bridge; $1,120 for Macdonald bridge barrier extensions; $750 for transponder inventory; $700 for structural improvements at the MacKay bridge; $375 for Macdonald bridge netting; and $290 for administration building renovations.

The Commission expects to meet its obligations with cash flows generated from operations.

Related Party Transactions

(in thousands of dollars)

As a provincially controlled public sector entity, the Commission is considered to be related to the Province of Nova Scotia.

On July 25, 2007, the Commission entered into a refinancing loan agreement for $60,000 with the Province of Nova Scotia. Interest recorded for 2008 amounted to $3,056. The Commission accrued interest on the long term debt at December 31, 2008 in the amount of $215.

On June 30, 2008, the Commission entered into a Line of Credit agreement for $60,000 with the Province of Nova Scotia. There have been no borrowings against this Line of Credit as of December 31, 2008.

Financial Instruments

Fair Value of Financial Instruments

Financial instruments of the Commission consist mainly of cash, accounts receivable, restricted assets, accounts payable, accrued liabilities and short term and long term debt. The carrying values of these financial assets and financial liabilities approximate their fair values, except for restricted assets and fixed-rate short term debt, as disclosed in Notes to Financial Statements #6 and #8 respectively.

Interest Rate Risk

The market value of the Commission's restricted asset investments is directly related to the market interest rate in effect at the time of the market value determination as indicated in Notes to Financial Statements #6. The Commission is exposed to interest rate cash flow risk on the Line of Credit with the Province of Nova Scotia, as the interest rate is a floating rate that is reset quarterly as market rates change, as indicated in Notes to Financial Statements #8. However, there have been no advances on the Line of Credit with the Province of Nova Scotia as of December 31, 2008.

Audited Financial Statements

For Year Ended December 31, 2008

Balance Sheet

In thousands of dollars for years ended December 31

	2008	2007
Assets		
Current:		
Cash (note 2(d))	**$ 6,159**	$ 7,835
Receivables		
Trade	**55**	47
Accrued interest	**93**	61
Recoverable HST (note 4)	**412**	412
Prepaid expenses	**303**	333
	7,022	8,688
Restricted Assets (note 6)		
Capital Fund	**1,869**	-
OM Fund	**2,550**	2,550
Debt Service Fund	**1,530**	1,530
	5,949	4,080
	12,971	12,768
Deferred transponder charges, net of accumulated amortization of $415 (2007, $388) (note 11(b))	**242**	269
Property, plant and equipment (note 5)	**73,463**	69,927
	$86,676	$82,964
Liabilities		
Current:		
Payables and accruals, trade	**$ 3,668**	$ 2,244
Project holdbacks payable	**779**	891
Refundable customer transponder amounts (note 11(a))	**188**	2,636
Deferred revenue (note 2(b)(i) and note 7)	**2,604**	3,162
Deferred contribution	**50**	-
Current portion of long term debt (note 8)	**3,000**	3,000
	10,289	11,933
Deferred capital contribution	**600**	-
Unearned revenue	**58**	73
Supplementary employee retirement plan liability (note 15)	**521**	548
Long term debt (note 8)	**54,000**	57,000
	65,468	69,554
Equity		
Reserve for restricted assets (note 6)	**5,949**	4,080
Retained Earnings	**15,259**	9,330
	21,208	13,410
	$86,676	$82,964

Contingencies (note 16)

On behalf of the Board

Tom Calkin — *Chair*

Wayne Mason — *Vice Chair*

Audited Statements of Income, Comprehensive Income and Retained Earnings

In thousands of dollars for years ended December 31

	2008	2007
Revenue		
Toll revenue (note 2(b)(i))	**$23,451**	$23,426
Other rate revenue	**145**	146
Investment and sundry income		
Restricted funds investment income	**108**	1,992
Investment income	**294**	1,455
Other	**295**	18
Contributed revenue	**2,525**	-
Contributed capital contribution (note 2(b)(ii))	**49**	-
Token reserves taken into income	**1,042**	-
Total Revenue	**27,909**	27,037
Expenses		
Operating expenses	**5,561**	4,823
Maintenance expenses	**6,534**	3,913
Amortization of property, plant and equipment	**4,609**	3,918
Amortization of deferred transponder charges	**27**	27
Interest on long-term debt and amortization of deferred financing costs (note 9)	**3,056**	7,801
Net Loss on disposal of property, plant & equipment	**367**	50
Total Expenses	**20,154**	20,532
Net Income	**7,755**	6,505
Other Comprehensive Income		
Unrealized gain on investments	**46**	-
Comprehensive Income	**7,801**	6,505
Retained Earnings (Deficit), beginning of year	**9,330**	(40,374)
Transfer to Restricted Asset Reserves (note 6)	**(1,869)**	(9,601)
Prior Year Adjustment Due to Rounding	**(3)**	-
Redemption of Restricted Asset Reserves (note 6)	**-**	52,800
Retained Earnings, end of year	**$15,259**	$ 9,330

Statement of Cash Flows

In thousands of dollars for years ended December 31

	2008	2007
Operating Activities		
Net and Comprehensive Income	**$7,801**	$6,505
Amortization of property, plant and equipment	**4,609**	3,918
Amortization of deferred finance costs	**-**	728
Amortization of deferred transponder charges	**27**	27
Unearned Revenue	**(15)**	18
Unrealized gain on investments	**(46)**	-
Net loss on disposal of property, plant & equipment	**367**	50
Contributed capital contribution	**(49)**	-
	12,694	11,246
Net change in non-cash operating balances (note 10)	**(1,657)**	1,652
	11,037	12,898
Investing Activities		
Purchase of property, plant and equipment	**(8,526)**	(9,342)
Proceeds from disposal of property, plant and equipment	**14**	5
Investment in Capital Fund	**(1,823)**	(3,331)
Investment in Sinking Fund	**-**	(2,190)
Investment in OM Fund	**-**	(2,550)
Investment in Debt Service Fund	**-**	(1,530)
Decrease in Supplementary Employee Retirement Plan liability	**(27)**	(23)
	(10,362)	(18,961)
Financing Activities		
Long term debt installment payment	**(3,000)**	-
Land transfer NBV from Province of Nova Scotia	**649**	-
Repayment of Line of Credit	**-**	(12,000)
Repayment of Toll Revenue Bonds Series 1	**-**	(94,379)
Proceeds from Long Term Financing	**-**	60,000
Proceeds from redemption Capital Fund investments	**-**	28,503
Proceeds from redemption Sinking Fund investments	**-**	18,830
Proceeds from redemption OM Fund investment	**-**	2,659
Proceeds from redemption Debt Service Fund investment	**-**	2,808
	(2,351)	6,421
(Decrease) increase in cash during year	**(1,676)**	358
Cash, beginning of year	**7,835**	7,477
Cash, end of year	**$6,159**	$7,835

Notes to Financial Statements

December 31, 2008

1. Incorporation

The Halifax-Dartmouth Bridge Commission (the Commission) was created in 1950 by a statute of the Province of Nova Scotia (now the *Halifax-Dartmouth Bridge Commission Act*—Statutes of Nova Scotia, 2005, c.7).

The Commission is a self-supporting entity that operates and maintains two toll bridges across the Halifax Harbour, the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge.

Under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (1)—With the approval of the Governor in Council, the Commission may construct, maintain and operate a transportation project across Halifax Harbour and the North West Arm, or either of them.

The Government of the Province or the Municipality may request the Commission to investigate the sufficiency of the means of access to Halifax provided by the Bridges or the present or future need of a transportation project as stipulated under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (2).

Under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (3)—Any costs incurred by the Commission under this Section are expenses of operating the Bridges or a transportation project in respect of which the Commission is collecting tolls, fees, rates and other charges.

2. Significant Accounting Policies ($000's)

a) Basis of financial statement presentation

The Commission, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use Canadian generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

b) Revenue recognition

i) The Commission recognizes revenue at the time a vehicle crosses a bridge. The Commission's bridge toll rates are regulated by the Nova Scotia Utility and Review Board (NSUARB).

ii) Contributed capital contributions are deferred and recognized into revenue on a basis consistent with the capital asset's related amortization.

c) Amortization of property, plant and equipment

Effective January 1, 2008, the Commission has moved to a full straight line (s.l.) method for calculating depreciation on all assets.

Amortization commences in the year an asset is put in use. The Commission periodically updates the estimated remaining useful life of the bridges based on consultation with the Commission's external consulting engineers.

d) Cash

Cash consists of funds held in the current bank account. Interest is received on funds in the general bank account at a rate of Prime minus 1.75%.

e) Financial instruments

The Commission classifies its financial instruments as follows:

Cash, the OM Fund, Debt Service Fund and Capital Fund are classified as assets held for trading and are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income in the period during which the change occurs as unrealized gain or loss. Transaction costs are expensed when incurred.

Receivables are classified as loans and receivables and payables and long term debt as other financial liabilities. These instruments are deemed to have been issued at prevailing market interest rates at the date of advance, accordingly no adjustment for fair value has been recorded.

f) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

g) Other retirement benefit plans (note 15)

The actuarial determination of the accrued benefit obligations for other retirement benefits uses the accumulated benefit method, which is applicable when future salary levels do not affect the amount of employee future benefits.

3. International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board announced that Canadian Generally Accepted Accounting Principals (GAAP) for publicly accountable enterprises would be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. As a government business enterprise we are currently specifically scoped into the definition of a publicly accountable enterprise, although the Canadian Accounting Standards Board is reviewing this definition. If we are included, we will be required to prepare our March 31, 2012 financial statements, including comparative information, in compliance with IFRS. We are currently assessing the potential impact of the transition to IFRS on our financial statements, disclosures, and broader financial reporting systems and controls.

4. Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the Province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

5. Property, plant and equipment

(Please see page 31)

6. Restricted Assets (000's)

The Commission entered into a long term loan agreement with the Province of Nova Scotia on July 25, 2007. This agreement requires that the Commission maintain two reserve funds effective December 4, 2007 which are the OM Fund and Debt Service Fund and effective June 4, 2008, a Capital Fund was also established.

Under the terms of the loan agreement, the OM Fund must be maintained at an amount at least equal to 25% of the annual budgeted OM expenses for the year. This fund can only be used to pay OM expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2008 the OM Fund was held in a cash account and had a market value of $2,602.

Under the terms of the loan agreement, the Debt Service Fund must be maintained at an amount at least equal to 50% of annual interest payments required in respect of certain indebtedness. This fund can only be used to pay principal, interest, and fees, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2008 the Debt Service Fund was held in a cash account and had a market value of $1,561.

Under the terms of the loan agreement, the Commission established and deposited $900 to a Capital Fund commencing June 4, 2008 and every six months thereafter for the duration of the loan. This fund can only be used to pay amounts owing in respect of the principal or interest on the long term loan, or for the maintenance of, or improvements to, the bridges. At December 31, 2008, the Capital Fund had a market value of $1,869 and was invested in various provincial bonds maturing in 2013 and 2014 with annual yields of 3.99% to 10.00%.

7. Deferred Revenue (000's)

	2008	2007
Unredeemed Tokens	$ -	$1,439
Electronic Toll Collection (ETC) Accounts	**2,604**	1,723
	$2,604	$3,162

Token sales were recorded as deferred revenue until the tokens were used by customers, at which time revenue was recognized. Tokens were no longer accepted as a method of payment effective May 1, 2008. As of August 1, 2008, tokens were no longer accepted for refunds. At December 31, 2008, all unredeemed tokens (reserves) were taken into income.

Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly. The significant increase over 2007 is a result of transferring the liability for transponder deposits into customers' accounts at the end of February, 2008 and a notable increase in new *MACPASS* customer accounts.

8. Long Term Debt ($000's)

	2008	2007
Debt outstanding at January 1st:	**$60,000**	$106,379
$60,000 Long Term Loan Agreement with the Province of Nova Scotia on July 25, 2007 with a final maturity date of December 4, 2019. The agreement requires eleven consecutive annual installments of $3,000 commencing with an installment payment on December 4, 2008 and for each year thereafter with the final principal repayment amount of $27,000 along with all accrued and unpaid interest thereon due on the final maturity date of December 4, 2019. Interest is payable semi-annually with the first interest payment due on December 4, 2007 and on June 4th and December 4th each year thereafter. The average interest rate over the 12-year period is 5.13%.	-	60,000
Debt repaid during the year:	**(3,000)**	(106,379)
Total Debt Outstanding:	**$57,000**	$ 60,000
Less: Principal debt maturing within one year:	**(3,000)**	(3,000)
Total Long Term Debt:	**$54,000**	$ 57,000

9. Interest on long (short) term debt and amortization of deferred financing costs ($000's)

	2008	2007
Interest on long (short) term debt		
Toll Revenue Bonds (short)	$ -	$5,200
Line of Credit – $12,000 (short)	-	541
Long Term Debt – $60,000	**3,056**	1,331
Amortization of deferred financing costs and discounts	-	729
	$3,056	$7,801

10. Net change in non-cash operating balances (000's)

	2008	2007
Increase (decrease) in cash from changes in:		
Receivables	**$ (39)**	$ (219)
Prepaid expenses	**30**	106
Payables and accruals	**1,309**	1,304
Customer transponder amounts	**(2,449)**	332
Deferred revenue	**(508)**	129
	$(1,657)	$1,652

11. Transponders ($000's)

a) The Commission has recorded a liability for all deposits received on the issue of transponders to customers. In accordance with the NSUARB ruling on January 22, 2007, the *MACPASS* transponder deposit requirement was removed and existing transponder deposits were refunded to customers' accounts by February 29, 2008 for those accounts meeting the criteria for the refund.

b) The cost of all transponders issued to customers prior to December 2000 has been recorded as a deferred charge. The cost of all transponders purchased for issue to customers after that date has been recorded as property, plant and equipment (see note 5). In both cases, the transponders are being amortized on a straight-line basis to December 31, 2017.

12. Financial instruments ($000's)

a) Credit Facilities

The Commission has a $5,000 operating loan facility with a chartered bank which bears interest at prime rate minus 0.5% per year. The operating facility is subject to annual review and is unsecured. As at December 31, 2008, no advances were outstanding. On June 30, 2008, the Commission entered into a $60,000 revolving, unsecured credit facility with the Province of Nova Scotia which bears a rate of interest equal to the arithmetical average of the discount rates for Bankers' Acceptances applicable on the date of the requested advance. As at December 31, 2008, no advances were outstanding.

b) Fair value of financial instruments

Financial instruments of the Commission consist mainly of cash, accounts receivable, restricted assets, accounts payable, accrued liabilities and long term debt. The carrying values of these financial assets and financial liabilities approximate their fair values.

c) Credit Risk Management

The Commission provides credit to its customers in the normal course of its operations. In order to reduce its credit risk, the Commission has adopted credit policies including the monitoring of its customer accounts. The company does not have a significant exposure to any individual customer or counterpart.

d) Interest Rate Risk

The long term debt bears fixed interest rates. Consequently, the long term debt risk exposure is minimal.

13. Related party transactions ($000's)

As a provincially controlled public sector entity, the Commission is considered to be related to the Province of Nova Scotia.

On July 25, 2007, the Commission entered into a refinancing loan agreement for $60,000 with the Province of Nova Scotia. The Commission accrued interest on the long term debt for the period ending December 31, 2008 in the amount of $215.

On June 30, 2008, the Commission entered into a Line of Credit agreement for $60,000 with the Province of Nova Scotia. There have been no borrowings against this Line of Credit as of December 31, 2008.

On April 4, 2008, the Commission received $2,575 from the Province of Nova Scotia for repairs to the infrastructure known as as the Victoria Road Interchange (VRI) on Highway 111. In addition, the Province of Nova Scotia transferred the net book value of the VRI in the amount $649 to the Commission.

14. Pension plan ($000's)

The Commission sponsors a defined contribution pension plan for all permanent employees. No future contributions are required in respect of past service at December 31, 2008. The Commission recognized an expense of $110 representing a 6% pension contribution for the period ending December 31, 2008 ($93 for 2007).

15. Retirement benefits ($000's)

a) Canadian generally accepted accounting principles require entities to accrue all employee future benefits. The Commission's policy is that all employees whose age and years of service total 80 or more, or who become disabled at any age, will be paid a retirement benefit equal to one month's salary for their first ten years of service, plus one month's salary for each additional five full years of service. The benefit is based on the salary in effect at the time of retirement. The Commission has recorded a liability of $189 (2007, $179) in retirement benefits at December 31, 2008. A total of $10 was allocated to administrative, maintenance, and *MACPASS* expenses for the period.

b) The Supplementary Employee Retirement Plan (SERP) is an unfunded defined benefit pension plan which provides for benefits to employees under the following conditions. In summary, benefits are payable for up to ten (10) years commencing at age 60. Benefits are in respect of service prior to January 1, 1991 and no further benefits are being accrued by existing members nor will there be future members under this arrangement. Pension benefits are based on length of service and earnings up to 1991. Benefits are not indexed for inflation either before or after retirement.

A summary of principal pension expense and disclosure information, as required for disclosure purposes pursuant to CICA 3461, for the current fiscal year follows. Actuarial measurements are as of December 31, 2008.

	2008	2007
Components of Net Periodic Pension Cost		
Interest cost	**$ 30**	$ 27
Actuarial loss (gain) on accrued benefit obligation	**(38)**	(23)
Past service cost	**(19)**	(27)
Costs arising, and net periodic pension cost recognized, in the year	**$ (27)**	$ (23)

	2008	2007
Weighted-Average Assumptions for Expense and Disclosure		
Discount rate for expense	**5.45%**	4.70%
Discount rate for disclosure	**6.85%**	5.45%

	2008	2007
Changes in Accrued Benefit Obligation		
Accrued benefit obligation at end of prior year	**$ 548**	$ 571
Interest cost	**30**	27
Benefits paid	**-**	-
Actuarial loss (gain)	**(38)**	(23)
Past service cost	**(19)**	(27)
Accrued benefit obligation at end of period	**$ 521**	$ 548

	2008	2007
Reconciliation of Funded Status to Accrued Benefit Asset (Liability)		
Excess (Deficit) at end of year	**$(521)**	$(548)
Unamortized net actuarial loss (gain)	**-**	-
Accrued benefit asset (liability)	**$(521)**	$(548)

16. Contingencies ($000's)

An accrued liability of $521 has been included in long term liabilities on the Balance Sheet representing the Supplementary Employee Retirement Plan (see Note 15) which is subject to review and approval by the Department of Finance, Province of Nova Scotia.

17. Comparative figures

In some cases, the comparative figures on these financial statements have been reclassified to correspond with the current year's presentation.

5. Property, plant and equipment ($000's)

(From page 27)

	2008				2007
	Rate	**Cost**	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land		**$ 5,735**	**$ -**	**$ 5,735**	$ 5,735
Buildings	**40 yrs s.l.**	**3,537**	**1,732**	**1,805**	1,448
Bridge and bridge components					
Angus L. Macdonald	**20 to 85 yrs s.l.**	**69,146**	**28,926**	**40,220**	41,790
A. Murray MacKay	**15 to 80 yrs s.l.**	**30,278**	**15,733**	**14,545**	13,372
Electronic toll transponders	**Life Ext. Dec. 31/2017**	**3,023**	**1,165**	**1,858**	1,238
Computer equipment	**2 to 5 yrs s.l.**	**895**	**660**	**235**	106
Toll and other equipment	**5 to 8 yrs s.l.**	**11,226**	**2,526**	**8,700**	5,977
Mobile equipment	**5 to 10 yrs s.l.**	**1,387**	**1,022**	**365**	261
		$125,227	**$51,764**	**$73,463**	$69,927

Management Discussion & Analysis

For Three Months Ended March 31, 2009

The date of this MD&A is June 26, 2009.

The Halifax-Dartmouth Bridge Commission (the Commission) is pleased to present its Management Discussion and Analysis with respect to the three months ended March 31, 2009 and, in order to fall in line with the Province of Nova Scotia's fiscal accounting year ending March 31st, the Commission has previously presented a twelve months MD&A, in conjunction with its annual audited financial statements, for the year ended December 31, 2008. The detailed discussion and analysis that follows is provided to assist readers in their assessment and understanding of the results of operations and the financial position of the Commission during the three months ended March 31, 2009, with comparative information relative to 2008. It combines an analysis of trends and period–to–period changes in the results with an outlook for the new fiscal accounting year ending March 31, 2010.

This discussion and analysis should be read in conjunction with the Commission's audited financial statements and supporting notes for the three months ended March 31, 2009. The Commission reports as a government business enterprise as defined by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants (CICA). Government business enterprises are required to use generally accepted accounting principles for profit-oriented enterprises in their financial reporting and as of January 1, 2011, it is anticipated that the Commission will be required to report according to International Financial Reporting Standards (IFRS).

The dollar amounts in this presentation are in thousands.

The Commission's web site is www.hdbc.ca.

The Management Discussion and Analysis and the audited financial statements for the three months ended March 31, 2009 have been approved by the Audit Committee of the Commission and by the Commission.

Overview

The Commission was created in 1950 by a statute of the Province of Nova Scotia (now the *Halifax-Dartmouth Bridge Commission Act*—Statutes of Nova Scotia, 2005, c.7).

The Commission is a self-supporting entity that operates and maintains two toll bridges across the Halifax Harbour, the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge.

The Commission consists of nine Commissioners. The Province of Nova Scotia appoints five members including the Chair and Vice Chair, while the Halifax Regional Municipality appoints four Councillors to the Commission.

The Commission reports to the Legislature through the Minister of Finance.

Business

The Commission has operated a two lane bridge, the Angus L. Macdonald Bridge, (the "Macdonald Bridge"), since 1955 (which now has a reversible third lane opened September, 1999) and a four lane bridge, the A. Murray MacKay Bridge, (the "MacKay Bridge"), since 1970.

The Commission has not been requested to undertake the construction of a third crossing but has participated in a needs analysis of a third crossing as requested by the Halifax Regional Municipality.

Operation of the bridges and the related approaches includes continuing engineering inspections, routine and long term maintenance, repairs, winter snow and ice clearance, traffic patrols, security measures, toll collection, financial and general administration.

Competition

The Commission does not face competition in any meaningful sense, as the service it provides is unique.

The bridges directly connect the built up areas of Halifax and Dartmouth and generally provide significantly quicker access to the business districts of both communities than do the alternate routes. Pedestrians and bicyclists are not permitted on

the MacKay Bridge, but pedestrians may walk and bicyclists ride, across the Macdonald Bridge without charge, in their dedicated lanes.

Those wishing to travel from one side of the Harbour to the other have several means of doing so; among them the Bridges operated by the Commission which constitute the most direct route for motor vehicles across the Harbour. The alternatives are a combination of local streets and public highways around Bedford Basin, a distance of approximately 19 kilometres or more, measured from the Dartmouth approach to the Halifax approach of the MacKay Bridge. The ferries operated by Metro Transit carry both pedestrians and bicyclists.

Financial affairs

The Commission manages its own financial affairs within the policies established by the Province of Nova Scotia applicable to Crown corporations and government business enterprises generally.

The Commission is self-supporting financially. It charges tolls to vehicles crossing the bridges and collects additional revenue from other utilities which have installed a water line and cables across the Macdonald Bridge.

Public Utility

For certain purposes, the Commission is deemed to be a public utility and is subject to the general supervisory powers of the Nova Scotia Utility and Review Board (NSUARB).

By the terms of its act of incorporation, the Commission is not subject to the provisions of the Public Utilities Act (Nova Scotia) relating to (a) new construction, improvements, betterments, or extensions to its property; (b) issue of shares, stocks, bonds, debentures or other evidences of indebtedness; (c) proper and adequate depreciation of its assets; and (d) setting up, maintaining, use and disposal of depreciation reserve funds.

Toll rates for the use of the bridges are subject to NSUARB approval.

Securities Regulations

The Commission ceased to be a reporting issuer in the Province of British Columbia effective December 17, 2007 and in the Provinces of Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, and Newfoundland and Labrador effective February 8, 2008. Therefore, the Commission is no longer a reporting issuer in any jurisdiction and is no longer subject to any of the continuous disclosure obligations of reporting issuers.

Significant Items for 2008/2009

2008 – Change in Fiscal Reporting Year End

At the request of the Department of Finance, Province of Nova Scotia, the Commission has moved to a March 31st year end. As a result of this change, the Commission will be reporting for the twelve months ending December 31, 2008 and for the three months ending March 31, 2009.

2008 – *MACPASS* Transponder Deposit Requirement Removed and Existing Transponder Deposits Refunded

In accordance with the NSUARB ruling on January 22, 2007, the *MACPASS* transponder deposit requirement was removed and existing transponder deposits were refunded to customers' accounts by February 29, 2008, as per established refund criteria.

The adoption and implementation of the Commission's new automated vehicle classification and automated toll collection systems became effective May 1, 2008 at which time tokens were no longer accepted as a method of payment for tolls. Tokens ceased to be refunded on July 31, 2008. With the cancellation of tokens, the Commission took into income $1,042 representing the value of unredeemed tokens.

2008 – Change in Calculations for Depreciation on Capital Assets

Effective January 1, 2008, the Commission has moved to a straight line method for calculating depreciation on all capital assets.

2008 – $60M Line of Credit Agreement with the Province of Nova Scotia

On June 30, 2008, the Commission entered into a Line of Credit agreement for $60M with the Province of Nova Scotia. The Line of Credit, if required, will only be used in directly implementing those specific objects of the Commission as set out in Section 9 of the *Halifax-Dartmouth Bridge Commission Act*, Stats.N.S. 2005, c. 7, and in accordance with the annual business plans and budgets of the Commission as approved by the Minister of Finance.

Net & Comprehensive Income / Retained Earnings

(in thousands of dollars)	Three Months Ended March 31st		Year Ended December 31st
	2009	2008	**2008**
Toll revenue	**$ 5,441**	$ 5,525	**$23,451**
Other rate revenue	**37**	118	**145**
Restricted funds investment income	**17**	14	**108**
Investment income	**16**	88	**294**
Other	**81**	38	**295**
Contributed revenue	**50**	-	**2,525**
Amortization of deferred capital contribution	**16**	-	**49**
Token reserves taken into income	-	-	**1,042**
Total Revenue	**5,658**	5,783	**27,909**
Operating expenses	**1,344**	1,349	**5,561**
Maintenance expenses	**1,748**	610	**6,534**
Amortization of property, plant and equipment	**1,200**	965	**4,609**
Amortization of deferred transponder charges	**7**	7	**27**
Interest on long-term debt	**717**	761	**3,056**
Net loss (gain) on disposal of property, plant and equipment	**28**	(5)	**367**
Total Expenses	**5,044**	3,687	**20,154**
Net Income	**614**	2,096	**7,755**
Unrealized gain on investments	**27**	-	**46**
Comprehensive Income	**641**	2,096	**7,801**
Retained Earnings, beginning of year (period)	**15,259**	9,330	**9,330**
Transfer to Restricted Asset Reserves	**(44)**	-	**(1,869)**
Prior Year Adjustment Due to Rounding	**-**	-	**(3)**
Retained Earnings, end of year (period)	**$15,856**	$11,426	**$15,259**

Results of Operations

(in thousands of dollars)

The Commission's comprehensive income decreased by $1,455 to $641 for the three months ending March 31, 2009 compared to $2,096 in Q1 2008. The significant year over year comparative differences within revenues and expenses are discussed later in this section.

Cash on hand at March 31, 2009 was $6,355 which is held in an interest bearing account. This cash position is down from the Q1 2008 cash position of $9,231.

Revenues

(in thousands of dollars)

Toll Revenue

Toll revenue for the three months ending March 31, 2009 decreased by $84 to $5,441 from $5,525 in Q1 2008. Traffic volume for the first three months of 2009 decreased by 70,654 vehicles, or 0.92% under the same period in 2008. This decrease in traffic volume is attributed to extreme weather conditions experienced in 2009 and one less work day in 2009 due to the leap year in 2008.

Other Rate Revenue

Other rate revenue for the three months ending March 31, 2009 decreased by $81 to $37 from $118 in Q1 2008. This decrease is attributable to the prorating of licence agreement revenue for only three months in 2009 where the full value was recorded in Q1 2008. The other rate revenue represents amounts charged to various businesses, utilities and the Halifax Regional Municipality (HRM) for the use of the Macdonald Bridge to run their cables and a water line from one side of the harbour to the other; a land lease agreement; and payments to the Commission for property access licence agreements.

Restricted Funds Investment Income

Investment income on the Capital Fund, Operations and Maintenance (OM) Fund, and Debt Service Fund was $17 for the three months ending March 31, 2009, compared to $14 for Q1 2008. This slight increase over 2008 is representative of the higher fund balances but lower interest earnings applicable to the trust funds.

Investment Income

Investment income represents the interest earned on the carrying balance in the Commission's interest bearing current bank account which decreased by $72 to $16 for the three months ending March 31, 2009 compared to $88 for Q1 2008. This decrease is primarily due to less interest earnings on the reduced current account carrying balance coupled with declining interest rates over the past year.

Other Revenue

Other revenue for the three months ending March 31, 2009 increased by $43 to $81 compared to $38 for Q1 2008. This increase is largely due to the implementation of *MACPASS* administrative fees which commenced late February, 2008.

Contributed Revenue & Amortization of Deferred Capital Contribution

Contributed revenue for the three months ending March 31, 2009 of $50 represents the outstanding balance previously unallocated as of December 31, 2008 from a transfer of $2,575 from the Province of Nova Scotia to assist with the upgrade and maintenance of the Victoria Road Interchange property that was transferred to the Commission in June, 2008.

The amortization of deferred capital contribution of $16 covers the related amortization on the Victoria Road Interchange property at March 31, 2009.

Total Revenue

These revenue changes resulted in a decrease in total revenue during the three months ending March 31, 2009 of $125 to $5,658 compared to $5,783 for Q1 2008.

Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the Province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST/GST it expends on goods and services.

Revenue Outlook

- Toll revenues are expected to increase slightly in 2009/2010 as compared to 2008. A modest increase in the traveling public's usage of the bridges is also anticipated.
- Other rate charges in 2009/2010 are expected to remain consistent with 2008.
- Investment income will decrease in 2009/2010 as compared to 2008. This is the direct result of lower interest rates applicable to our interest bearing current bank account.
- Other revenue for 2009/2010 is expected to remain consistent with 2008.

Expenses

(in thousands of dollars)

Operating and Maintenance Charges (OM)

Operating expenses for the three months ending March 31, 2009 decreased by $5 to $1,344 compared to $1,349 in Q1 2008. The major operating expenses that decreased in 2009 as compared to 2008 were: *MACPASS* operation $113; general and office $64; insurance $39; telephone & communications $9; taxes $2; and bank charges $1. The decrease in *MACPASS* operations is attributable to the 2008 expenses surrounding the implementation of the new toll system and the communication strategy regarding the elimination of tokens. The decrease in general and office expenses is directly related to the prorating of annual fees for 2009. The following operating expenses increased during 2009 as compared to 2008: wages $122; public relations $53; commissionaires $40; and professional fees $8. The increase in wages is due to winter shift coverage, wage increases and additional staff at the *MACPASS* customer service centre. The increase in public relations is attributable to the rebranding exercise and subsequent website improvements.

Maintenance expenses for the three months ending March 31, 2009 increased by $1,138 to $1,748 compared to $610 in Q1 2008. The major maintenance expense items that increased were: bridge maintenance $1,012; engineers' fees $58; building maintenance $29; equipment maintenance $21; light and power $12; salt costs $7; and painting $4. The increase in bridge maintenance is almost entirely related to the removal of Structure #9 (the old K-Ramp) and the completion of the Victoria Road Interchange project. Engineer fees are also up due to the planning phases of several major capital and maintenance expense projects for 2009 and an estimate for the redecking of the Angus L. Macdonald Bridge. The maintenance expenses that decreased were: heating $4 and gas, oil, and grease $1.

Amortization of Property, Plant and Equipment

Amortization (depreciation) of property, plant and equipment for the three months ending March 31, 2009 increased by $235 to $1,200 compared to $965 for Q1 2008. This increase is attributable to the completion of a few major capital projects at the end of 2008.

Amortization of Deferred Transponder Charges

Amortization of deferred transponder charges for the three months ending March 31, 2009 remained consistent with the charges for Q1 2008 at $7. (see Notes to Financial Statements #9 (b)).

Interest on Long Term Debt

An interest expense in the amount of $717 was realized for the three months ending March 31, 2009 compared to $761 in Q1 2008. The decrease of $44 is reflective of the new long term refinancing agreement made with the Province of Nova Scotia on July 25, 2007 for $60,000 which was reduced to $57,000 by the required annual installment payment of $3,000 made on December 4, 2008.

Loss on Disposal of Property, Plant and Equipment

The Commission recognized an overall loss on the disposal of property, plant and equipment for the three months ending March 31, 2009 in the amount of $28. This loss is associated with the replacement of the old IVR system with a VOIP system in February, 2009 and the disposal of two bridge vehicles during the first three months of 2009.

Total Expenses

Expense variations resulted in an increase in total expenses for the three months ending March 31, 2009 of $1,358 to $5,044 over $3,687 in Q1 2008.

Expense Outlook

- OM expenses are expected to decrease in 2009/2010 over 2008 due to a reduction in planned maintenance projects but includes an aggressive painting season, bridge resurfacing, communications, and increased professional fees.
- Amortization of property, plant and equipment is expected to increase in 2009/2010 from the amount recorded in 2007 due to the completion of major budgeted capital asset purchases carried over from 2008 and new budgeted capital projects and purchases in 2009/2010.
- Interest expense for 2009/2010 will remain consistent with 2008. The interest expense recorded for 2009/2010 will be for the Province of Nova Scotia long term loan.

Unrealized Gain on Investments

The Commission recognized an unrealized gain on investments in the Capital Fund of $27 during the three months ending March 31, 2009 which reflects the difference between the investment asset book value and the fair market value and is in accordance with the change in accounting standards in the classification of financial assets.

Transfer to Restricted Assets

(in thousands of dollars)

As required by the terms of the $60,000 long term loan agreement with the Province of Nova Scotia, dated July 25, 2007, the Commission has established two reserve funds effective December 4, 2007: the OM Fund at $2,550, which is equal to 25% of annual OM expenses budgeted for the following year, and a Debt Service Fund at $1,530, which is equal to 50% of annual interest payments budgeted for the following year on the outstanding loan balance. These reserves are restricted in their use, and are designated as such in both the asset and equity sections of the Balance Sheet. The funding of these reserves is shown as a transfer of retained earnings on the Statement of Income, Comprehensive Income and Retained Earnings. OM and Debt Service reserve funds will be contributed to or withdrawn from annually as necessary to maintain the funds at the amount required by the long term loan agreement.

Under the terms of the long term loan agreement, the Commission established a Capital Fund on June 4, 2008 and will deposit $900 every six months thereafter for the duration of the loan.

Appropriation to Restricted Assets Outlook

Under the terms of the new long term loan agreement, the Commission will maintain and contribute to the Capital Fund, OM Fund and Debt Service Fund as required for 2009/2010.

Net Income Outlook

- Revenue for 2009/2010 is expected to decrease compared to 2008.
- Expenses for 2009/2010 are expected to decrease compared to 2008.
- Overall, it is expected that net income for 2009/2010 will decrease from 2008.

Summary of Quarterly Reports

(in thousands of dollars)

	Q5	Q4	Q3	Q2	Q1	Q4	Q3	Q2
For the Quarter Ended	**2009**	2008	2008	2008	2008	2007	2007	2007
Total Revenues	**$5,658**	$6,036	$7,248	$8,843	$5,783	$6,906	$7,153	$6,533
Comprehensive Income	**$641**	($437)	$1,704	$4,438	$2,096	$1,140	$1,390	$1,865

Quarterly total revenues have fluctuated over the last eight quarters. Q3 and Q4 of 2007 include the interest realized for the $60,000 short term investment with the Province of Nova Scotia and Q1 2008 reflects the absence of the investment income realized in the Capital and Sinking Funds. Q2 2008 reflects the $2,575 in contributed revenue from a transfer from the Province of Nova Scotia to assist with the upgrade and current maintenance of the Victoria Road Interchange property that was transferred to the Commission in June, 2008. Q3 2008 includes the revenue realized from the token reserves taken into income in the amount of $1,042. Q4 2008 and Q5 2009 (Q5 for the sake of identifying the transitional three months ending March 31, 2009) reflect the decrease in interest earned on the current bank account due to declining market conditions and the prorating of licence fee revenue in Q5 2009.

Fluctuations in the comprehensive income quarterly results is indicative of the timing of various maintenance projects throughout the last eight quarters The comprehensive income in Q4 2008 dropped due to the increased maintenance expenses on the Victoria Road Interchange. The noted drop in Q3 and Q4 of 2007 is associated with the interest expense for the established long term refinancing agreement for $60,000 with the Province of Nova Scotia. The increase in Q2 2008 is tied to the contributed revenue amount indicated above.

The Commission is a non-share entity incorporated by the Province of Nova Scotia. The Commission has never paid a dividend.

Balance Sheet

(in thousands of dollars)

	At March 31st	At December 31st
	2009	2008
Total Assets	**$87,544**	**$86,676**
Total Long (Short) Term Liabilities	**$58,165**	**$58,179**

Total assets increased by $868 for the three months ending March 31, 2009 over 2008 due to the capital component of the Victoria Road Interchange project.

The short term debt component of Total Liabilities for the three months ending March 31, 2009 and for 2008 consists of $3,000 which is the current principal amount due on December 4, 2009 on the $60,000 outstanding loan with the Province of Nova Scotia. The new long term loan agreement, which was made with the Province of Nova Scotia on July 25, 2007, has a final maturity date of December 4, 2019 and bears an average annual interest rate of 5.13%. Interest has been accrued for $717 during the first three months of 2009.

Liquidity

(in thousands of dollars)

The following discussion of Operating, Financing and Investing Activities should be read in conjunction with the Statement of Cash Flows included in the audited financial statements, which indicates a positive cash flow for the three months ending March 31, 2009 of $196 compared to a positive cash flow for Q1 2008 of $1,396 and the overall negative cash flow of $1,676 for the year ending December 31, 2008.

Operating Activities

The Commission's operating activities for the three months ending March 31, 2009 generated $2,298 in positive cash flow compared to $2,118 in positive cash flow during Q1 2008 and $11,037 positive cash flow for the year ending December 31, 2008. Continued positive cash flow from operations is anticipated for 2009/2010.

Investing Activities

The Commission incurred capital expenditures of $2,098 for the three months ending March 31, 2009 compared to $730 in Q1 2008 and a total $8,526 for the year ending December 31, 2008.

The Commission received $4 during the first three months of 2009 as proceeds from the disposal of property as compared to $8 in Q1 2008 and an overall total of $14 for the year ending December 31, 2008.

The Commission invested $16 in the Capital Fund for the three months ending March 31, 2009 (as per the terms of the refinancing agreement with the Province of Nova Scotia) compared to $1,823 for the year ending December 31, 2008.

Financing Activities

There were no financing activities during the first three months of 2009 or 2008.

However, for the year ending December 31, 2008, the Commission repaid the current portion of the long term debt of $3,000 to the Province of Nova Scotia on December 4, 2008. The Commission received a land transfer from the Province of Nova Scotia covering the Victoria Road Interchange with a net book value of $649.

Capital Resources

(in thousands of dollars)

The Commission's capital requirements budget for 2009/2010 is estimated at approximately $11,939 and includes the following major expenditures: $2,800 for the current year's portion of the security upgrade project; $2,000 for Macdonald bridge approach spans; $1,400 for the variable message signage; $1,240 for truss bearings and expansion joints at cable bents for the MacKay bridge; $620 for Macdonald bridge barrier extensions; $750 for transponder inventory; $700 for structural improvements at the MacKay bridge; $375 for Macdonald bridge netting; and $290 for administration building renovations.

The Commission expects to meet its obligations with cash flows generated from operations.

Related Party Transactions

(in thousands of dollars)

As a provincially controlled public sector entity, the Commission is considered to be related to the Province of Nova Scotia.

On July 25, 2007, the Commission entered into a refinancing loan agreement for $60,000 with the Province of Nova Scotia. The Commission accrued interest on the long term debt at March 31, 2009 in the amount of $717. Interest recorded for 2008 amounted to $3,056.

On June 30, 2008, the Commission entered into a Line of Credit agreement for $60,000 with the Province of Nova Scotia. There have been no borrowings against this Line of Credit as of March 31, 2009.

Financial Instruments

Fair Value of Financial Instruments

Financial instruments of the Commission consist mainly of cash, accounts receivable, restricted assets, accounts payable, accrued liabilities and short term and long term debt. The carrying values of these financial assets and financial liabilities approximate their fair values, except for restricted assets and fixed-rate short term debt, as disclosed in Notes to Financial Statements #6 and #7 respectively.

Interest Rate Risk

The market value of the Commission's restricted asset investments is directly related to the market interest rate in effect at the time of the market value determination as indicated in Notes to Financial Statements #6. The Commission is exposed to interest rate cash flow risk on the Line of Credit with the Province of Nova Scotia, as the interest rate is a floating rate that is reset quarterly as market rates change, as indicated in Notes to Financial Statements #7. However, there have been no advances on the Line of Credit with the Province of Nova Scotia as of March 31, 2009.

Audited Financial Statements

For Three Months Ended March 31, 2009

Balance Sheet

In thousands of dollars for March 31, 2009

	2009	December 31, 2008
Assets		
Current:		
Cash (note 2(d))	**$ 6,355**	$ 6,159
Receivables		
Trade	**101**	55
Accrued interest	**88**	93
Recoverable HST (note 4)	**297**	412
Prepaid expenses	**146**	303
	6,987	7,022
Restricted Assets (note 6)		
Capital Fund	**1,913**	1,869
OM Fund	**2,550**	2,550
Debt Service Fund	**1,530**	1,530
	5,993	5,949
	12,980	12,971
Deferred transponder charges, net of accumulated amortization of of $422 (2008, $415) (note 9(b))	**235**	242
Property, plant and equipment (note 5)	**74,329**	73,463
	$87,544	$86,676
Liabilities		
Current:		
Payables and accruals, trade	**$ 3,737**	$ 3,668
Project holdbacks payable	**953**	779
Refundable customer transponder amounts (note 9(a))	**187**	188
Deferred revenue (note 2(b)(i))	**2,569**	2,604
Deferred contribution	**-**	50
Current portion of unearned revenue	**84**	-
Current portion of long term debt (note 7)	**3,000**	3,000
	10,530	10,289
Deferred capital contribution (note 2(b)(ii))	**584**	600
Unearned revenue	**52**	58
Supplementary employee retirement plan liability (note 13(b))	**529**	521
Long term debt (note 7)	**54,000**	54,000
	65,695	65,468
Contingencies (note 14)		
Equity		
Reserve for restricted assets (note 6)	**5,993**	5,949
Retained Earnings	**15,856**	15,259
	21,849	21,208
	$87,544	$86,676

On behalf of the Board

Tom Calkin — *Chair*

Wayne Mason — *Vice Chair*

Audited Statements of Income, Comprehensive Income and Retained Earnings

In thousands of dollars for three months ended March 31, 2009
(with comparative for year ended December 31, 2008)

	2009	2008
Revenue		
Toll revenue (note 2(b)(i))	**$ 5,441**	$23,451
Other rate revenue	**37**	145
Investment and sundry income		
Restricted funds investment income	**17**	108
Investment income	**16**	294
Other	**81**	295
Contributed revenue	**50**	2,525
Amortization of deferred capital contribution (note 2(b)(ii))	**16**	49
Token reserves taken into income	**-**	1,042
Total Revenue	**5,658**	27,909
Expenses		
Operating expenses	**1,344**	5,561
Maintenance expenses	**1,748**	6,534
Amortization of property, plant and equipment	**1,200**	4,609
Amortization of deferred transponder charges	**7**	27
Interest on long-term debt	**717**	3,056
Net loss on disposal of property, plant & equipment	**28**	367
Total Expenses	**5,044**	20,154
Net Income	**614**	7,755
Other Comprehensive Income		
Unrealized gain on investments	**27**	46
Comprehensive Income	**641**	7,801
Retained Earnings, beginning of year	**15,259**	9,330
Transfer to Restricted Asset Reserves (note 6)	**(44)**	(1,869)
Prior Year Adjustment Due to Rounding	**-**	(3)
Retained Earnings, end of period	**$15,856**	$15,259

Statement of Cash Flows

In thousands of dollars for three months ended March 31, 2009
(with comparative for year ended December 31, 2008)

	2009	2008
Operating Activities		
Net and comprehensive income	**$ 641**	$7,801
Amortization of property, plant and equipment	**1,200**	4,609
Amortization of deferred transponder charges	**7**	27
Unearned revenue	**77**	(15)
Unrealized gain on investments	**(27)**	(46)
Net loss on disposal of property, plant & equipment	**28**	367
Amortization of deferred capital contribution	**(16)**	(49)
	1,910	12,694
Net change in non-cash operating balances (note 8)	**388**	(1,657)
	2,298	11,037
Investing Activities		
Purchase of property, plant and equipment	**(2,098)**	(8,526)
Proceeds from disposal of property, plant and equipment	**4**	14
Investment in Capital Fund	**(16)**	(1,823)
Increase (decrease) in Supplementary Employee Retirement Plan liability	**8**	(27)
	(2,102)	(10,362)
Financing Activities		
Long term debt installment payment	**-**	(3,000)
Land transfer NBV from Province of Nova Scotia	**-**	649
	-	(2,351)
Increase in cash during period	**196**	(1,676)
Cash, beginning of year	**6,159**	7,835
Cash, end of period	**$6,355**	$6,159

Notes to Financial Statements

March 31, 2009

1. Incorporation

The Halifax-Dartmouth Bridge Commission (the Commission) was created in 1950 by a statute of the Province of Nova Scotia (now the *Halifax-Dartmouth Bridge Commission Act*—Statutes of Nova Scotia, 2005, c.7).

The Commission is a self-supporting entity that operates and maintains two toll bridges across the Halifax Harbour, the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge.

Under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (1)—With the approval of the Governor in Council, the Commission may construct, maintain and operate a transportation project across Halifax Harbour and the North West Arm, or either of them.

The Government of the Province or the Municipality may request the Commission to investigate the sufficiency of the means of access to Halifax provided by the Bridges or the present or future need of a transportation project as stipulated under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (2).

Under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (3)—Any costs incurred by the Commission under this Section are expenses of operating the Bridges or a transportation project in respect of which the Commission is collecting tolls, fees, rates and other charges.

2. Significant Accounting Policies ($000's)

a) Basis of financial statement presentation

The Commission, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants.

Government business enterprises are required to use Canadian generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

b) Revenue recognition

i) The Commission recognizes revenue at the time a vehicle crosses a bridge. The Commission's bridge toll rates are regulated by the Nova Scotia Utility and Review Board (NSUARB). Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

ii) Contributed capital contributions are deferred and recognized into revenue on a basis consistent with the capital asset's related amortization.

c) Amortization of property, plant and equipment

Effective January 1, 2008, the Commission moved to a full straight line (s.l.) method for calculating depreciation on all assets, at rates based on the useful life as indicated in Note 5. Amortization commences in the year an asset is put in use. The Commission periodically updates the estimated remaining useful life of the bridges based on consultation with the Commission's external consulting engineers.

d) Cash

Cash consists of funds held in the current bank account and cash on hand. Interest is received on funds in the general bank account at a rate of Prime minus 1.75%.

e) Financial instruments

The Commission classifies its financial instruments as follows:

Cash, the OM Fund, Debt Service Fund and Capital Fund are classified as assets held for trading and are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income in the period during which the change occurs as unrealized gain or loss. Transaction costs are expensed when incurred.

Receivables are classified as loans and receivables and payables and long term debt as other financial liabilities. These instruments are deemed to have been issued at prevailing market interest rates at the date of advance, accordingly no adjustment for fair value has been recorded.

f) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

g) Other retirement benefit plans (note 13)

The actuarial determination of the accrued benefit obligations for other retirement benefits uses the accumulated benefit method, which is applicable when future salary levels do not affect the amount of employee future benefits.

3. International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board announced that Canadian Generally Accepted Accounting Principals (GAAP) for publicly accountable enterprises would be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. As a government business enterprise we are currently specifically scoped into the definition of a publicly accountable enterprise, although the Canadian Accounting Standards Board is reviewing this definition. If we are included, we will be required to prepare our March 31, 2012 financial statements, including comparative information, in compliance with IFRS. We are currently assessing the potential impact of the transition to IFRS on our financial statements, disclosures, and broader financial reporting systems and controls.

4. Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the Province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

5. Property, plant and equipment

(Please see page 49)

6. Restricted Assets (000's)

The Commission entered into a long term loan agreement with the Province of Nova Scotia on July 25, 2007. This agreement requires that the Commission maintain two reserve funds effective December 4, 2007 which are the OM Fund and Debt Service Fund and effective June 4, 2008, a Capital Fund was also established.

Under the terms of the loan agreement, the OM Fund must be maintained at an amount at least equal to 25% of the annual budgeted OM expenses for the year. This fund can only be used to pay OM expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At March 31, 2009 the OM Fund was held in a cash account and had a market value of $2,602.

Under the terms of the loan agreement, the Debt Service Fund must be maintained at an amount at least equal to 50% of annual interest payments required in respect of certain indebtedness. This fund can only be used to pay principal, interest, and fees, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At March 31, 2009 the Debt Service Fund was held in a cash account and had a market value of $1,561.

Under the terms of the loan agreement, the Commission established and deposited $900 to a Capital Fund commencing June 4, 2008 and every six months thereafter for the duration of the loan. This fund can only be used to pay amounts owing in respect of the principal or interest on the long term loan, or for the maintenance of, or improvements to, the bridges. At March 31, 2009, the Capital Fund

had a market value of $1,913 and was invested in various provincial bonds maturing in 2013 and 2014 with annual yields of 3.99% to 10.00%.

7. Long Term Debt ($000's)

	2009	2008
Debt outstanding at January 1st:	**$57,000**	$60,000
$60,000 Long Term Loan Agreement with the Province of Nova Scotia on July 25, 2007 with a final maturity date of December 4, 2019. The agreement requires eleven consecutive annual installments of $3,000 commencing with an installment payment on December 4, 2008 and for each year thereafter with the final principal repayment amount of $27,000 along with all accrued and unpaid interest thereon due on the final maturity date of December 4, 2019. Interest is payable semi-annually with the first interest payment due on December 4, 2007 and on June 4th and December 4th each year thereafter. The average interest rate over the 12-year period is 5.13%.		
Debt repaid during the year:	-	(3,000)
Total Debt Outstanding:	**$57,000**	$57,000
Less: Principal debt maturing within one year:	**(3,000)**	(3,000)
Total Long Term Debt:	**$54,000**	$54,000

8. Net change in non-cash operating balances ($000's)

	2009	2008
Increase (decrease) in cash from changes in:		
Receivables	**$ 73**	$ (39)
Prepaid expenses	**157**	30
Payables and accruals	**243**	1,309
Customer transponder amounts	**(1)**	(2,449)
Deferred revenue	**(84)**	(508)
	$388	$(1,657)

9. Transponders ($000's)

a) The Commission has recorded a liability for all deposits received on the issue of transponders to customers. In accordance with the NSUARB ruling on January 22, 2007, the *MACPASS* transponder deposit requirement was removed and existing transponder deposits were refunded to customers' accounts by February 29, 2008 for those accounts meeting the criteria for the refund.

b) The cost of all transponders issued to customers prior to December 2000 has been recorded as a deferred charge. The cost of all transponders purchased for issue to customers after that date has been recorded as property, plant and equipment (see Note 5). In both cases, the transponders are being amortized on a straight-line basis to December 31, 2017.

10. Financial instruments ($000's)

a) Credit Facilities

The Commission has a $5,000 operating loan facility with a chartered bank which bears interest at prime rate minus 0.5% per year. The operating facility is subject to annual review and is unsecured. As at March 31, 2009, no advances were outstanding. On June 30, 2008, the Commission entered into a $60,000 revolving, unsecured credit facility with the Province of Nova Scotia which bears a rate of interest equal to the arithmetical average of the discount rates for Bankers' Acceptances

applicable on the date of the requested advance. As at March 31, 2009, no advances were outstanding.

b) Fair value of financial instruments

Financial instruments of the Commission consist mainly of cash, accounts receivable, restricted assets, accounts payable, accrued liabilities and long term debt. The carrying values of these financial assets and financial liabilities approximate their fair values.

c) Credit risk management

The Commission provides credit to its customers in the normal course of its operations. In order to reduce its credit risk, the Commission has adopted credit policies including the monitoring of its customer accounts. The company does not have a significant exposure to any individual customer or counterpart.

d) Interest rate risk

The long term debt bears fixed interest rates. Consequently, the long term debt risk exposure is minimal.

e) Capital management

The Commission's objective when managing capital is to ensure there is adequate cash flow on hand to meet its operational and capital expenditure requirements. The Commission regularly reviews its projected future toll revenues in conjunction with its current cash position and borrowing ability in order to finance significant future projects that are required to upgrade and maintain its capital assets.

11. Related party transactions ($000's)

As a provincially controlled public sector entity, the Commission is considered to be related to the Province of Nova Scotia.

On July 25, 2007, the Commission entered into a refinancing loan agreement for $60,000 with the Province of Nova Scotia. The Commission accrued interest on the long term debt for the period ending March 31, 2009 in the amount of $932.

On June 30, 2008, the Commission entered into a Line of Credit agreement for $60,000 with the Province of Nova Scotia. There have been no borrowings against this Line of Credit as of March 31, 2009.

On April 4, 2008, the Commission received $2,575 from the Province of Nova Scotia for repairs to the infrastructure know as as the Victoria Road Interchange (VRI) on Highway 111. In addition, the Province of Nova Scotia transferred the net book value of the VRI in the amount $649 to the Commission.

12. Pension plan ($000's)

The Commission sponsors a defined contribution pension plan for all permanent employees. No future contributions are required in respect of past service at March 31, 2009. The Commission recognized an expense of $25 representing a 6% pension contribution for the period ending March 31, 2009 ($26 for 2008).

13. Retirement benefits ($000's)

a) Canadian generally accepted accounting principles require entities to accrue all employee future benefits. The Commission's policy is that all employees whose age and years of service total 80 or more, or who become disabled at any age, will be paid a retirement benefit equal to one month's salary for their first ten years of service, plus one month's salary for each additional five full years of service. The benefit is based on the salary in effect at the time of retirement. The Commission has recorded a liability of $199 (2008, $189) in retirement benefits at March 31, 2009. A total of $10 was allocated to administrative, maintenance and *MACPASS* expenses for the period.

b) The Supplementary Employee Retirement Plan (SERP) is an unfunded defined benefit pension plan which provides for benefits to employees under the following conditions. In summary, benefits are payable for up to ten (10) years commencing at age 60. Benefits are in respect of service prior to January 1, 1991 and no further benefits are being accrued by existing members nor will there be future members under this arrangement. Pension benefits are based on length of service and earnings up to 1991. Benefits are not indexed for inflation either before or after retirement.

A summary of principal pension expense and disclosure information, as required for disclosure purposes pursuant to CICA 3461, for the current fiscal year follows. Actuarial measurements are as of March 31, 2009.

	2009	2008
Components of Net Periodic Pension Cost		
Interest cost	**$ 9**	$ 30
Actuarial loss (gain) on accrued benefit obligation	**5**	(38)
Past service cost	**(6)**	(19)
Costs arising, and net periodic pension cost recognized, in the year	**$ 8**	$ (27)

	2009	2008
Weighted-Average Assumptions for Expense and Disclosure		
Discount rate for expense	**6.85%**	5.45%
Discount rate for disclosure	**6.65%**	6.85%

	2009	2008
Changes in Accrued Benefit Obligation		
Accrued benefit obligation at end of prior year	**$ 521**	$ 548
Interest cost	**9**	30
Benefits paid	**-**	-
Actuarial loss (gain)	**5**	(38)
Past service cost	**(6)**	(19)
Accrued benefit obligation at end of period	**$ 529**	$ 521

	2009	2008
Reconciliation of Funded Status to Accrued Benefit Asset (Liability)		
Excess (Deficit) at end of year	**$(529)**	$(521)
Unamortized net actuarial loss (gain)	**-**	-
Unamortized past service costs	**-**	-
Accrued benefit asset (liability)	**$(529)**	$(521)

14. Contingencies ($000's)

An accrued liability of $529 has been included in long term liabilities on the Balance Sheet representing the Supplementary Employee Retirement Plan (see Note 13) which is subject to review and approval by the Department of Finance, Province of Nova Scotia.

15. Comparative figures

In some cases, the comparative figures on these financial statements have been reclassified to correspond with the current year's presentation.

5. Property, plant and equipment ($000's)

(From page 45)

	2009				2008
	Rate	**Cost**	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land		**$ 5,735**	**$ -**	**$ 5,735**	$ 5,735
Buildings	**5 to 40 yrs**	**3,583**	**1,755**	**1,828**	1,805
Bridge and bridge components					
Angus L. Macdonald	**5 to 85 yrs**	**69,161**	**29,488**	**39,673**	40,220
A. Murray MacKay	**5 to 80 yrs**	**31,939**	**15,962**	**15,977**	14,545
Electronic toll transponders	**December 31, 2017**	**3,219**	**1,222**	**1,997**	1,858
Computer equipment	**2 to 5 yrs**	**780**	**542**	**238**	235
Toll and other equipment	**5 to 25 yrs**	**11,320**	**2,830**	**8,490**	8,700
Mobile equipment	**5 to 10 yrs**	**1,319**	**928**	**391**	365
		$127,056	**$52,727**	**$74,329**	$73,463

Of the above amounts, $3,305 is not currently being amortized as some capital projects were not completed as of March 31, 2009.

We welcome your comments on the 2008/2009 Annual Report

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